

of fourteen affiliated companies, advances had been made under various accounts to the amount of \$21,000,000. Inevitably the head of the Leipziger Bank[^] Herr Exner, was refused aid when he sought it at Berlin, in spite of the fact that its failure was sure to cause pressure upon other institutions.¹ A serious run followed upon the banks of Saxony, and some small institutions and many industrial companies went into liquidation. Much money was lost in tramways and other electrical enterprises. Of 443,550,000 marks (\$106,000,000) in nominal capital for twenty-one companies, most of the shares being quoted far above par, there were losses in market quotations between January 1, 1899, and October 15, 1901, which amounted to 270,810,000 marks (\$64,500,000), or 61 per cent, of the earlier quotations.² Gradually, however, liquidation ran its course and, with the help of the Imperial Bank, affairs returned to a normal condition early in 1902.

In the New York market several special causes of weakness supplemented the general causes,—excessive demands for capital and increase in gold production, which were stimulating speculation throughout the world. In America, more perhaps than anywhere else, the game of converting circulating capital into fixed forms went merrily on until the mercantile community woke up, in 1903, and again more emphatically in 1907, to the fact that there was no longer sufficient circulating capital to meet legitimate mercantile demands. Several special causes also, besides the newness of the country, contributed to make speculation in America more reckless than in other commercial countries. Among" these factors were the concentration of idle money from the West and South in New York, at the seasons when it was not needed for moving the crops ; the system of permitting reserve deposits by national banks in the banks of New York, Chicago, and St. Louis; the system of daily settlements on the New York Stock Exchange; the acceptance

¹ Raffalovich, *Le Marché Financier en 1901-02*, 48-53.

² *Ibidem*, 187.